

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 OIC-04 STR-08 SS-15 NSC-10 PA-03 PRS-01

USIA-15 AID-20 CEA-02 CIAE-00 COME-00 EB-11 EA-11

FRB-02 INR-10 IO-13 NEA-10 NSAE-00 RSC-01 OPIC-12

TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 EURE-00 AGR-20

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FM USMISSION OECD PARIS

TO SECSTATE WASHDC PRIORITY 338

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E.O. 11652: N/A

TAGS: ECON, OECD

SUBJECT: FOLLOW-UP ON MINISTERIAL DISCUSSION OF INFLATION

REF: CES/73.71, JULY 17

1. SUMMARY: EXCOM DISCUSSED TODAY REVISED DRAFT ENTRY IN COUNCIL MINUTES ON FOLLOW-UP TO MINISTERIAL DISCUSSION OF INFLATION (REF DOC). AUSTRIANS AND TO LESSER EXTENT SWISS ATTEMPTED LOAD DRAFT ENTRY WITH DETAILED INSTRUCTION TO VARIOUS OECD BODIES ON WHAT TO INCLUDE IN THEIR WORK ON INFLATION. OTHER MEMBERS WHO SPOKE (US, UK, GERMANY, FRANCE, DENMARK, AUSTRALIA) OPPOSED THESE EFFORTS, AND ACCEPTED AD REFERENDUM REVISED DRAFT. CHAIRMAN INTENDS SUBMIT REVISED DRAFT ENTRY TO COUNCIL FOR CONSIDERATION AT ITS MEETING JULY 24, NOTING GENERAL AGREEMENT IN EXCOM TO ACCEPT IT. HE AGREED SUBMIT, AS WELL, SWISS AMENDMENT TO SUB-PARA (C). LATTER CONSIDERED BY MANY MEMBERS AND CHAIRMAN AS ESSENTIALLY ONE OF FORM RATHER THAN SUBSTANCE. UK AGREED ACCEPT SWISS AMENDMENT.

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2. ACTION REQUESTED: UNLESS OTHERWISE INSTRUCTED,

MISSION INTENDS ACCEPT DRAFT ENTRY IN COUNCIL MINUTES
CES/73.71 2 WITHOUT FURTHER SUBSTANTIVE AMENDMENT. WE
WOULD BE PREPARED ACCEPT SWISS AMENDMENT TO SUB-PARA (C)
ONLY IF MOST OTHER MEMBERS COUNCIL AGREE DO SO. END SUMMARY.

3. FOLLOWING IS TEXT REVISED DRAFT ENTRY IN COUNCIL
MINUTES, CONTAINED REFDOK:

A) NOTED THE NOTE BY THE SECRETARY-GENERAL (C(73)132);

(B) INVITED THE ECONOMIC POLICY COMMITTEE AND ITS SUB-
ORDINATE WORKING PARTIES (PARTICULARLY WORKING
PARTY NO. 4) AND THE ECONOMIC AND DEVELOPMENT REVIEW
COMMITTEE, TO PURSUE WITH RENEWED URGENCY THEIR WORK
ON THE PROBLEM OF INFLATION, TAKING PARTICULARLY INTO
ACCOUNT THE CONCLUSIONS OF THE MINISTERIAL DISCUS-
SIONS ON THIS SUBJECT AS REFLECTED IN THE SUMMING-
UP BY THE SECRETARY-GENERAL AS SET FORTH IN ANNEX A
AUSTRIA, BELGIUM AND SWITZERLAND, SET FORTH IN
ANNEXES B, C AND D TO C(73)132.

(C) TO THIS END, INVITED WORKING PARTY NO. 4 TO ADVANCE
FURTHER THE ORGANISATION'S STUDY OF FACTORS WHICH
MAY CAUSE INFLATION, AND THE POLICIES REQUIRED
TO REDUCE THE RATE AT WHICH PRICES ARE RISING.
WITH A VIEW TO HELPING GOVERNMENTS MAKE PUBLIC
OPINION MORE SENSITIVE TO THE SHORT AS WELL AS
LONG-TERM DANGERS OF HIGH RATES OF INFLATION,
WORK SHOULD ALSO BE UNDERTAKEN TO ELUCIDATE FURTHER
THE ECONOMIC AND SOCIAL EFFECTS OF INFLATION.
ATTENTION SHOULD ALSO BE PAID TO THE INTERNATIONAL
ASPECTS OF THE PROBLEM OF INFLATION, AND THE DESIR-
ABILITY, WHERE FEASIBLE, OF IDENTIFYING AND ELABORATING
OPPORTUNITIES FOR COMMON OR CO-ORDINATED ACTION BY
GROUPS OF COUNTRIES.

(D) INVITED THE ECONOMIC AND DEVELOPMENT REVIEW COMMITTEE,
IN THE COURSE OF ITS ANNUAL REVIEWS, TO PAY PARTICULAR
ATTENTION TO INFLATIONARY DEVELOPMENTS AND COUNTER-
INFLATIONARY POLICIES IN MEMBER COUNTRIES, AND TO
REPORT TO THE COUNCIL WHEN APPROPRIATE.

(E) INVITED THE SECRETARY-GENERAL TO KEEP THE COUNCIL
CONTINUOUSLY INFORMED OF THE MOST RECENT DEVELOP-
MENTS IN INFLATION, SO AS TO ENABLE THE COUNCIL
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TO TAKE UP THE MATTER AT SHORT NOTICE SHOULD THE
NEED ARISE. FOR THIS PURPOSE THE SECRETARY-GENERAL
SHOULD SUBMIT BRIEF SITUATION REPORTS TO THE COUNCIL
AT REGULAR INTERVALS AND MAKE PUBLICLY AVAILABLE
AS APPROPRIATE FACTUAL INFORMATION CONTAINED IN
THESE REPORTS.

4. SWISS AMENDMENT WOULD REPLACE THE FIRST SENTENCE

OF PARA (C) WITH FOLLOWING (MISSION TRANSLATION):
(C) TO THIS END, INVITES WORKING PARTY NO. 4 TO PURSUE
THE WORK OF THE ORGANIZATION ON INFLATION, IN PARTICULAR
ON THOSE FACTORS WHICH CAN BE THE SOURCE OF THE INFLA-
TION PROCESS, ON THE VARIOUS DOMESTIC OR INTERNATIONAL
ELEMENTS CONTRIBUTING TO ITS FEEDING AND ACCELERATION,
AS WELL AS ON THE APPROPRIATE MEASURES TO REDUCE ITS
RATE. WITH A VIEW TO HELPING ETC., ETC.

5. SECRETARIAT ANNOUNCED AT EXCOM IT WOULD SUBMIT TO
COUNCIL ON JULY 24 ITS LATEST PRICE DATA WHICH SHOW PRICES
RISING IN OECD AREA AT 10 PER CENT ANNUAL RATE IN MOST RECENT
THREE MONTH PERIOD. SECRETARIAT INTENDS BRING THIS
DATA TO PUBLIC ATTENTION THROUGH PRESS RELEASE IF
COUNCIL CONCURS. ACTION REQUESTED: MISSION INTENDS
CONCUR UNLESS OTHERWISE INSTRUCTED.
GDS BROWN

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